Washtenaw County Brownfield Redevelopment Authority Performance Audit

Washtenaw County Board of Commissioners
May 4, 2016 Ways and Means Committee
Accuracy of Key Plan Metrics

- Job Creation
- Private Investment
- Taxable Value
- Total Eligible Activities to be reimbursed using Tax Increment Financing (Public Investment)
- Duration of the Brownfield Plan
- Construction Start/Finish date
Background

- County Board of Commissioners formed the Brownfield Authority in 1999 under Act 381, Brownfield Redevelopment Financing Act
- 23 Local Units of Government participate in County (regional) Authority
- 26 total Brownfield Plans approved
  - 15 total projects completed as of end of 2015
  - 5 projects under construction
  - 6 project inactive
- Audit analyzed 11 completed TIF projects
Completed TIF Projects Measured

- City of Ann Arbor – 5 projects
- City of Dexter – 3 projects
- City of Chelsea – 1 project
- City of Ypsilanti – 1 project
- York Township – 1 project
  • (11 projects measured)

(Other aspects of completed projects were incorporated where a data point was known, i.e. 618 S. Main and 544 Detroit Taxable Value and Completion Year),
Dexter Wellness Center – Dexter
544 Detroit St. – Ann Arbor
Arbor Hills – Ann Arbor
## Brownfield Program Impacts

<table>
<thead>
<tr>
<th>Brownfield Condition</th>
<th>Number of Completed Projects*</th>
<th>Total Acreage Impacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only Dangerous, Blighted, Obsolete Building(s)</td>
<td>2</td>
<td>3 acres</td>
</tr>
<tr>
<td>Only Groundwater/Soil Contamination</td>
<td>3</td>
<td>12 acres</td>
</tr>
<tr>
<td>BOTH GW/Soil Contamination AND Dangerous, Blighted Obsolete Building(s)</td>
<td>9</td>
<td>763 acres</td>
</tr>
</tbody>
</table>

*Includes projects under construction, Packard Square and Water Street*
Brownfields Create New Tax Revenue

New Tax Revenue from Brownfield Projects

- New taxes paid on brownfield sites after developers are fully reimbursed for all eligible brownfield expenses
- ~ $660,000 in (base) taxes paid in 2015 without brownfield redevelopment
- ~ $3,000,000 in taxes paid in 2015 with brownfield redevelopment (increase of $2.34 M)
  - ~ $325,000 in new County taxes received in 2015 from Brownfield Projects
- ~ $7,000,000+ total new taxes received annually by 2030
- ~ $80,000,000 total cumulative new taxes projected between 2010 and 2030 from completed BF Projects (does not include proposed or future projects)
Job Creation

- Completed brownfield projects have created 20% more jobs than stated in their approved Brownfield Plans.

**Total Jobs Created from all Projects**

- Estimated: 1552 jobs
- Actual: 1931 jobs
Certified Eligible Expenses

- The total certified brownfield expenses to be reimbursed using tax increment financing was 31% less for all projects than originally stated in approved Brownfield Plans
- ($16.7 Million actual compared to $24 Million approved)
Environmental vs. Non-Environmental Subsidies

<table>
<thead>
<tr>
<th>Total Certified Eligible Brownfield Expenses</th>
<th>Environmental Expenses</th>
<th>Non-Environmental Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>$16,730,530</td>
<td>$4,641,409</td>
<td>$12,089,121</td>
</tr>
<tr>
<td>100%</td>
<td>28%</td>
<td>72%</td>
</tr>
</tbody>
</table>

- **Environmental**: Environmental investigations, building demolition over contaminated areas, soil remediation, Vapor Mitigation Systems
- **Non-Environmental**: Building demolition, asbestos/lead abatement, public infrastructure, public utilities, parking decks, rain gardens, streetscape improvements, special foundations to address soil concerns, site preparation
Private Investment

- Total private investment generated from all completed projects was 13% higher than stated in the approved Brownfield Plans.
- Six projects had higher private investment, and 4 projects had lower investment.
Taxable Value after Development

- The total Taxable Value of all completed projects is 2% lower than projected
- $113 M of new Taxable Value created above the Base TV
- Four projects exceeded projected TV, while 6 projects resulted in lower TV than anticipated

- Base TV-$10.1 M
- Est. TV in BF Plans-$125.4 M
- Actual TV-$123.4 M
Construction Start

- Eighty-Six (86) percent of all projects began construction on-time or 1 year late (12 projects)
- Two projects were delayed between 2 and 3 years in breaking ground
Project Completion Year

- Seventy-Three (73) percent of all projects were completed on time or early, while 3 projects were delayed by 1 year.
The TIF reimbursement period for 9 projects will be within, or shorter than projected.

Three projects will take longer than planned to fully reimburse all expenses using TIF.

*Zingerman's, Maple Shoppes (ALDI), and Michigan Inn*
Brownfield Effectiveness

- **$21 Million in Public Subsidy** (Completed and under construction projects: the amount of certified eligible brownfield expenses to be reimbursed using Tax Increment Financing)

- **$381 Million in Private Investment**

- For every $1 in public investment, $18 in private investment was generated

- In addition to the other environmental and community benefits, jobs were created/retained at a rate of 1 for every $10,881 in public investment,
New Tax Revenues

• Completed or partially completed brownfield redevelopment projects assisted by the Washtenaw County Brownfield Authority will result in approximately $80,000,000 in new tax revenues between 2010 and 2030.
Summary

• The Brownfield Authority is a **regional partnership** that has been very effective in assisting multiple governmental partners in redeveloping numerous dangerous, blighted, obsolete, and contaminated sites.
• The program has contributed to **creation of new tax revenue** for all taxing jurisdictions ($80M between 2010 and 2030), from brownfield sites that could otherwise languish.
• Brownfield Plans approved have not exaggerated the **public benefits** or positive community impacts.
• As a society, we have a duty to **address the legacy of brownfields** that we created, and brownfield TIF remains the most effective tool.
Nathan Voght  
Economic Development Specialist  
Washtenaw County Brownfield Authority  
Office of Community and Economic Development  
voghtn@ewashtenaw.org  
734-544-3055